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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000598

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SUBJECT: BLUE ANGER AND GREEN CELEBRATION IN REACTION TO  
CHEN'S FEBRUARY 27 ANNOUNCEMENT ON NUC AND NUG

REF: TAIPEI 597

Classified By: AIT Acting Director David J. Keegan,  
Reasons: 1.4 (b/d)

¶1. (C) Summary: The Pan-Green is celebrating President Chen's "victory" in announcing the National Unification Council's (NUC) "ceasing to function" and the National Unification Guideline's (NUG) "ceasing to apply" in the face of domestic and international pressure. The KMT is in reaction mode. Opposition Kuomintang (KMT) Chairman Ma Ying-jeou has angrily supported KMT legislators' efforts to recall President Chen and to hold a large demonstration against Chen on March 12. Ma is responding to KMT legislators and others who believe the pan-Blue has been too soft on Chen. All sides agree that the recall effort will fail, but both Blue and Green politicians are uncertain whether Chen's "success" on the NUC/NUG issue will embolden him to try additional independence-related moves. Blue-Green political conflict seems poised to escalate, which could affect progress in the LY on arms procurement from the U.S. Possible further moves or rhetoric by Chen in a pro-independence direction could lead to an increase in cross-Strait tensions over time. End Summary.

Green Celebrates  
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¶2. (C) When Chen first raised the issue of abolishing the NUC and NUG one month ago, there were different opinions within the Green camp, but the pan-Green has now rallied around Chen, Academia Sinica Research Fellow Hsu Yung-ming told AIT on February 28. Some on the Green side are characterizing Chen's action as a victory against the pan-Blue. Others, including Legislator Lin Cho-shui, have questioned Chen's timing, pointing to his low approval rating, but not his action itself. Hsu predicted that Chen will not be criticized by the deep Green for backing down in deciding that the NUC will "cease to function" rather than be "abolished." The pan-Green understands that Chen had to make the change in response to great pressure from the U.S. In the coming months, Hsu suggested, Chen may turn to constitutional reform. While final constitutional reform will be constrained by the "four no's" and pressure from Beijing on maintaining the status quo, there are still many possible proposals and "bold ideas."

13. (C) Chen has largely achieved what he set out to do -- consolidate his deep-Green core support base, Lo Chih-cheng, Executive Director of the green-leaning Institute for National Policy Research (INPR) told AIT. Lo predicted that Chen will now turn to broadening support for the ruling DPP and its front-runner presidential candidate, Premier Su Tseng-chang, who has maintained a low profile through the

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entire NUC/NUG imbroglio. Lo argued that Chen really has few options left, particularly of a potentially troublesome nature. Chen's pledge of constitutional reform, he suggested, will have little chance of success given the extremely high threshold required for amending or changing the constitution.

Ma on the Defensive

14. (C) KMT Chairman Ma Ying-jeou reversed course to support a presidential recall in response to pressure from KMT LY members, according to both KMT-affiliated National Policy Foundation (NPF) Administrator Tsai Hsung-hsiung and KMT Legislator Su Chi. He had earlier indicated such an initiative would be a distraction. The normally careful Ma has been caught up in a Pan-Blue "consensus" that Chen must be punished for "his arrogance and selfish political maneuvering," Tsai said. The KMT hopes to take advantage of popular sentiment that, according to two media polls, a majority of Taiwan voters want to enjoy economic benefits from cross-Straits ties and oppose tampering with the National Unification Council or Guidelines.

15. (C) The recall bill has little chance of success. KMT

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legislator Lin Yu-fang told AIT on February 27 that he and several other LY members had signed on to the recall bill, despite serious misgivings, because of heavy pressure from the bill's sponsor, Ting Shou-chung. (Note: Ting failed once before, in 2000, in a similar effort to recall Chen over the president's plan to scrap a partially-built nuclear power plant in northern Taiwan. End note.) While Ting already has enough support to bring the bill to the floor, it would have to be approved by a two-thirds LY majority and then put to an island-wide referendum. Pan-Green control of nearly half the LY seats ensures the recall bill will go nowhere.

16. (C) The INPR's Lo argued that Ma's sudden support for the Pan-Blue recall initiative was a desperate attempt to turn the tables on President Chen. Ma, Lo explained to AIT, has come under increasing attack over the past two months for controversial statements regarding unification, beginning with a Newsweek interview in late December and continuing through his early February European visit. Ma's series of missteps had opened him to attacks by Chen on the unification issue. In Lo's view, Ma decided to endorse the presidential recall move in hopes of escaping Chen's pummeling and regaining the offensive. Taiwan Solidarity Union (TSU) legislator George Liu (Kuan-ping) had a simpler take on Ma's change of heart: "Ma simply lost his cool."

Does the KMT Blame the U.S.?

17. (C) Su Chi told AIT that the KMT leadership believes the U.S. "has been fooled again" by Chen's semantic games and was surprised and disappointed by the "weak" U.S. reaction to Chen's announcement. Regardless of "legalistic word games" or other "fictions," Su asserted, the truth is that the status quo has been changed and only four of the "five no's" remain. According to Su, Chen was using the NUC/NUG proposal to test the U.S. resolve to contain his independence agenda. By "letting Chen get away with it," Su argued, the U.S. is inadvertently emboldening Chen to move further away from the

remaining "four no's." Su claimed that Chen's promises to avoid sovereignty-related constitutional reforms are meaningless and he predicted that Chen will try to develop support for such reforms in the ongoing constitutional "reengineering" process.

Comment -- Tension Rising

18. (C) Chen will hope his action on NUC and NUG will reduce deep Green pressure, including from Lee Teng-hui, allowing him more freedom of action. Chen's next political "reform" target may be the constitution, or he may return once more to a rhetorical assault on the Mainland, painting the KMT as prounification, and stoking cross-Strait tensions.

19. (C) Ma is hoping to channel pan-Blue outrage and moderate voters' frustration by leading the KMT response to Chen. The recall effort seems bound to fizzle, however, and Ma is more likely to be weakened than strengthened by this effort. Blue-Green political conflict, especially in the LY, is likely to escalate, which could affect progress on issues important to the U.S., especially arms procurement.

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